

## Message Text

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E.O. 11652: N/A

TAGS: EGEN, JA, AS

SUBJECT: ECONOMIC ASPECTS OF DEPUTY PRIMIN ANTHONY'S VISIT  
TO JAPAN

REF: TOKYO 2691

SUMMARY: AS RESULT OF ANTHONY VISIT GOJ CAUTIOUSLY OPTIMISTIC ABOUT PROSPECTS FOR RESUMPTION OF ACTIVE JAPANESE ROLE IN DEVELOPMENT OF AUSTRALIAN RESOURCES FOR EXPORT. IN DISCUSSING NEW GOA, JAPANESE OFFICIALS TEND TO EMPHASIZE ELEMENTS OF CONTINUITY IN AUSTRALIAN ATTITUDES, BUT THEY CLEARLY ANTICIPATE A WARMING OF RELATIONS WITH THE PRIVATE ENTERPRISE-LIBERAL ORIENTED CP GOVERNMENT. END SUMMARY.

1. IN SEPARATE DISCUSSIONS WITH EMBOFF RE FEB. 6-13 VISIT OF NEW AUSTRALIAN CONSERVATIVE DEPUTY PRIMIN ANTHONY, OFFICIALS OF FONOFF (MAKITA, OCEANIA DIV.) AND MITI (ARAI, AMERICAS-OCEANIA DIV.) SAID, JUDGING FROM ANTHONY'S EXPLANATION, DIFFERENCES BETWEEN PRESENT AND PREVIOUS GOA'S APPEAR TO BE THOSE OF NUANCE MORE THAN FUNDAMENTAL POLICY. ARAI NOTED, FOR EXAMPLE, THAT ANTHONY DEFENDED AND EXPRESSED CONSERVATIVES' INTENTION TO RETAIN ON THEIR OWN TERMS SUCH IMPORTANT POLICIES INITIATED BY LABOR AS GOVERNMENT REVIEW OF COMMODITY EXPORT PRICES, A BENIGN AUSTRALIAN MEMBERSHIP IN PRIMARY COMMODITY

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PRODUCERS ORGANIZATIONS, AND TEMPORARY RESTRICTIONS ON

SOME IMPORTS. NONETHELESS, ARAI OBSERVED, JAPANESE BUSINESS AND GOVERNMENT LEADERS RECEIVED CLEAR IMPRESSION THAT NEW MINISTRY IS CONSIDERABLY MORE EAGER THAN ITS PREDECESSOR TO DEVELOP AUSTRALIAN RESOURCES FOR EXPORT TO JAPAN ON COMMERCIAL TERMS AND VIA PRIVATE INITIATIVE, JAPANESE AS WELL AS DOMESTIC. MAKITA CAUTIONED, HOWEVER, THAT WITH MAJOR GOA POLICY ANNOUNCEMENTS ON FOREIGN INVESTMENT AND AUTOMOBILES YET TO BE MADE, IT IS TOO EARLY TO FULLY EVALUATE NEW GOVERNMENT'S ECONOMIC ATTITUDES. MUCH WILL DEPEND, ARAI ADDED, ON HOW LIBERAL/CP MINISTRY ACTUALLY DEFINES AND CARRIES OUT ITS STATED INTENTION OF LIMITING GOVERNMENT INTERVENTION IN PRIVATE RESOURCES TRANSACTIONS TO INSTANCES WHERE NATIONAL INTEREST IS AT STAKE. HOWEVER, ARAI CHARACTERIZED LIBERAL/CP'S PRO-BUSINESS ATTITUDE AND ANTHONY'S FREQUENT REFERENCES TO MARKET PRICES AND FORCES AS HOPEFUL SIGNS.

2. ATMOSPHERE OF ANTHONY MEETINGS WITH JAPANESE LEADERS (PRIMIN MIKI, DEPUTY PRIMIN FUKUDA, FUMIMIN MIYAZAWA, ITI MIN. KOMOTO, AGRIMIN ABE, AND DIR.-GEN. OF SCIENCE AND TECHNOLOGY AGENCY SASAKI), GOJ REPS. SAID, WAS FAR MORE CORDIAL THAN ENCOUNTERS WITH REX CONNOR, HIS COUNTERPART IN LABOR GOVERNMENT, HAD BEEN. THEY SAID THAT ANTHONY ALSO FIRMLY DISPELLED FEW REMAINING JAPANESE FEARS THAT CONSERVATIVES MIGHT TURN AUSTRALIA AWAY FROM ASIA AND BACK TO THEIR TRADITIONAL FOCUS ON ANGLO-SAXON COUNTRIES. (IN THIS CONNECTION AUSTRALIAN EMBASSY POLICONS TOLD EMBOFF THAT HE REGARDED IT A SIGNIFICANT EVOLUTION IN AUSTRALIAN THINKING AND POPULAR CONSCIOUSNESS THAT GOA LEADER SUCH AS ANTHONY WAS ABLE, AS HE DID IN JAPAN, TO CHARACTERIZE AUSTRALIAN-JAPANESE ECONOMIC INTERDEPENDENCE AS SOURCE OF STRENGTH RATHER THAN OF VULNERABILITY FOR AUSTRALIA.)

3. SPECIFIC ISSUES:

A) RESOURCES AND ENERGY (URANIUM, STEAMING COAL, LNG, MINERALS): JAPANESE ENCOURAGED BY NEW GOA COMMITMENT TO PRIVATE SECTOR DEVELOPMENT OF RESOURCES, PARTICULARLY URANIUM, WHICH JAPANESE BELIEVE WILL LIMITED OFFICIAL USE

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SPEED-UP PACE, BUT THEY ANTICIPATE DIFFICULT NEGOTIATIONS OVER PRICES. LNG AND COAL, ARAI NOTED, WILL HAVE TO BE PRICED COMPETITIVELY WITH PETROLEUM TO STIMULATE JAPANESE INTEREST. ACCORDING AUSTRALIAN EMBASSY SOURCE, ANTHONY INDICATED THAT CONSERVATIVES VIEW 50 PERCENT AUSTRALIAN EQUITY AS APPROPRIATE TARGET (EXCEPT FOR URANIUM WHERE GOVT. WOULD LIKE HIGHER PERCENTAGE OF AUSTRALIAN OWNERSHIP) AND THUS, IN CONTRAST TO LABOR GOVERNMENT, DO NOT

REGARD PRESENT 5-30 PERCENT JAPANESE EQUITY IN  
AUSTRALIAN PROJECTS AS TOO HIGH.

B) IMPORT RESTRICTIONS: GOJ MADE STRONG PLEA FOR  
REMOVAL OF IMPORT RESTRICTIONS IMPOSED BY LABOR GOVT.,  
BUT HAVING FOLLOWED LIBERAL/CP ELECTION CAMPAIGN  
PRONOUNCEMENTS, DOES NOT EXPECT THIS TO HAPPEN SOON.  
GOJ OFFICIALS WERE PLEASED TO FIND ANTHONY PERSONALLY  
MORE SYMPATHETIC TO FREE TRADE POINT OF VIEW THAN  
HAD BEEN THEIR IMPRESSION FROM GENERAL POSTURE OF  
LIBERAL/CP. THEY SAID ANTHONY HAD TOLD THEM IMPORT  
RESTRICTIONS WOULD REMAIN IN PLACE AT LEAST THROUGH  
END OF CURRENT AUSTRALIAN FY.

C) COMMERCIAL AND BASIC RELATION TREATIES: BOTH SIDES  
AGREED THAT 1957 COMMERCIAL TREATY (PREVIOUSLY UPDATED  
1963) NEEDS REVISION. ACCORDING AUSTRALIAN EMBASSY,  
GOA WILL SEEK TO MAKE CONSULTATION PROCEDURES MORE  
BINDING THAN THOSE OF PRESENT AGREEMENT. MAKITA  
OPTIMISTIC THAT NEW GOA HAS WILL TO REACH AGREEMENT  
WITH JAPAN ON BASIC RELATIONS TREATY. HE SAID HE  
BELIEVES MOST OF WORK ALREADY DONE WILL STAND AND  
THAT HE THUS IS HOPEFUL TREATY NEGOTIATIONS CAN BE  
CONCLUDED IN TIME FOR FORTHCOMING FRASER VISIT (SEE  
REFTEL).

4. EMBASSY COMMENT: GOJ VIEW TENDS TO EMPHASIZE  
CONTINUITY OF AUSTRALIAN INTERESTS AND ATTITUDES  
BETWEEN PREVIOUS AND PRESENT GOVERNMENTS, APPARENTLY  
IN PART OUT OF DESIRE TO IMPRESS UPON JAPANESE BUSINESS  
COMMUNITY THE NEED FOR CONTINUING SELF-RESTRAINT IN  
DEALINGS WITH AUSTRALIA BUT ALSO OUT OF AWARENESS THAT  
JAPANESE ROLE IN AUSTRALIAN ECONOMY MUST CONTINUE TO  
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BE KEPT IN BOUNDS ACCEPTABLE TO A FUTURE LABOR  
GOVERNMENT.  
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## Message Attributes

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